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Message Text

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12
ACTION XMB-04

INFO OCT-01 EA-07 ISO-00 L-03 SS-15 SSO-00 INRE-00 AID-05

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 TRSE-00

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 USIE-00

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O 260501Z DEC 75
FM AMEMBASSY MANILA
TO SECSTATE WASHDC NIACT IMMEDIATE 690

C O N F I D E N T I A L MANILA 18019

E.O. 11652: GDS
TAGS: ECEN, EFIN, RP
SUBJECT: MARINDUQUE MINING AND INDUSTRIAL CORP.

REF: STATE 302982

1. ON RECEIPT REFTEL, ECON/COMMERCIAL COUNSELOR DISCUSSED MATTER FULLY WITH FINANCE SECRETARY VIRATA AND MMIC CHAIRMAN CABARRUS. BOTH VERY APPRECIATIVE OF DAVID BEIM'S WILLINGNESS TRAVEL TO MANILA FOR MEETINGS MONDAY, DECEMBER 29, AND WILL MUSTER THE NECESSARY KEY PEOPLE FOR DISCUSSIONS AS SOON AS BEIM'S SCHEDULE CONFIRMED. FULL MEETING OF PHILIPPINE MONETARY BOARD ALREADY SCHEDULED FOR MONDAY, SO THAT TIMING OF VISIT SEEMS PROPITIOUS DESPITE HOLIDAY ROUTINE. ACTION REQUESTED: EMBASSY ATTEMPTPING TELE-
PHONE BEIM AT NUMBER PROVIDED REFTEL, BUT WOULD APPRECIATE DEPARTMENT CONFIRMING BEIM' S TRAVEL PLANS AS SOON AS POSSIBLE.

2. ON SUBSTANCE OF PROBLEM, ECON/COMMERCIAL COUNSELOR HAS STRESSED SPIRIT OF EXIM POSITION TO VIRATA THAT LONG TERM SOLUTIONS OF MARINDUQUE PROBLEMS BE SOUGHT. VIRATA OBVIOUSLY RELUCTANT TO DISCUSS ADDITIONAL GOVERNMENT PARTICIPATION AS A FIRST STEP. RATHER HE SAID THAT IMMEDIATE WORRY IS CASH FLOW, A FACT CONFIRMED BY MANILA
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REP. OF MANUFACTURER'S HANOVER TRUST. VIRATA STATES THAT

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HE HOPES A TWO OR THREE YEAR ARRANGEMENT CAN BE WORKED OUT AND STRESSES THAT BORROWINGS PERHAPS AT A HIGHER RATE THAN ALLOWED BY PRESENT $20 MILLION CEILING ARE NEEDED TO ALLEVIATE WORKING CAPITAL SHORTAGES. CABARRUS SAYS HIM MAIN WORRY AT THE MOMENT IS THAT MHT, EXIM AND GOP SEEM TO BE ON QUITE DIFFERENT WAVE LENGTHS. HE, THEREFORE, WELCOMES PROPOSED MEETING WITH BEIM AS MEANS TO ASSURE THAT ALL PARTIES ARE WORKING FROM SAME FACTUAL BASE.

3. EMBASSY UNDERSTANDS THAT MHT IS ASKING HOME OFFICE PARTICIPATION IN PROPOSED MEETING. EMBASSY WONDERS WHETHER OPIC AND IFC MAY ALSO SEEK TO BE REPRESENTED, GRANTING THAT TIME IS SHORT FOR GETTING THE PARTIES TOGETHER.

4. COMMENT. EMBASSY'S EVALUATION IS THAT THE SITUATION FOR MARINDUQUE HAS REACHED SEVERE ENOUGH CRISIS LEVEL SO THAT CHANCES FOR EXIM TO PRESS ITS PREFERRED SOLUTION ARE GOOD. IT IS CLEAR, HOWEVER, THAT VIRATA IS NOT EAGER, FOR REASONS OF STRONG COMPETING PRIORITIES, TO INCREASE OFFICIAL EQUITY IN MMIC. CABARRUS, EQUALLY CLEARLY, WOULD PREFER TO SOLVE PROBLEM WITHOUT FURTHER BUILDUP IN OFFICIAL EQUITY. IN THE MEANTIME, IT APPEARS THAT A FIRST STAGE SOLUTION TO MMIC'S CASH FLOW DIFFICULTIES IS NEEDED BEFORE THE NEW YEAR.
SULLIVAN

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